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071402Z Aug 05

ACTION AF-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00	INL-00
	DODE-00	DOEE-00	ITCE-00	DOTE-00	DS-00	EB-00	EXME-00
	EUR-00	OIGO-00	E-00	FAAE-00	UTED-00	VC-00	FRB-00
	H-00	TEDE-00	INR-00	LAB-01	VCE-00	M-00	AC-00
	NEA-00	NRC-00	NSAE-00	NSCE-00	OES-00	OMB-00	NIMA-00
	EPAU-00	MCC-00	GIWI-00	ACE-00	SP-00	IRM-00	SSO-00
	SS-00	STR-00	TRSE-00	FMP-00	BBG-00	EPAE-00	IIP-00
	SCRS-00	DSCC-00	PRM-00	DRL-00	G-00	NFAT-00	SAS-00
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FM AMEMBASSY NDJAMENA
TO SECSTATE WASHDC 2114
INFO AMEMBASSY ABUJA
AMEMBASSY BAMAKO
AMEMBASSY COTONOU
AMEMBASSY DAKAR
AMEMBASSY NIAMEY
AMEMBASSY YAOUNDE
USDOC WASHDC

UNCLAS NDJAMENA 001228

SIPDIS

DEPT FOR AF, EB, ENERGY FOR CAROLYN GAY AND GEORGE PEARSON,
TREASURY FOR OTA, LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [ENRG](#) [PGOV](#) [CD](#)

SUBJECT: CHAD,S MINISTRY OF FINANCE DEVELOPS PLAN TO
MODERNIZE BUDGETARY PROCESS (3RD TRANSMISSION)

1. This message contained information that is Sensitive but
Unclassified. Please protect accordingly.

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2. This message is being retransmitted due to technical
errors on two previous occasions.

3. (SBU) SUMMARY: The Ministry of Finance has developed, in
consultation with the World Bank, a five-year action plan to
modernize Chad,s budgetary process, and is currently rolling
it out to international donors. The plan, which will cost
approximately forty million USD, focuses on decentralizing
the budgetary formulation process, increasing communication
between the planning, executing, and monitoring agencies,
increasing support for the management of oil revenues, and
developing training opportunities for government employees.
The World Bank expects the GOC to utilize its oil revenues
for a large portion of the plan, but hopes that donors will
contribute as well. Both the MOF and World Bank plan to
convene a meeting soon to formally solicit donor pledges for
the action plan,s implementation. END SUMMARY.

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4. (SBU) On July 5, Embassy received a copy of the Ministry
of Finance,s Action Plan for the Modernization of the
National Budget. The MOF plan, which was developed in
consultation with IMF and World Bank technical advisors,
focuses on reform of the preparation and execution of the
national budget. Citing the lack of coordination that has
historically existed with government agencies involved in the
budgetary process, the Ministry,s plan calls for the reform
of all government bodies responsible for the development of
the national budget. This includes not only the Ministry of
Finance and the Public Treasury, but also the oversight
bodies responsible for overseeing the management of revenues
and expenditures, such as the National Assembly, the Ministry
of Moralization, and the Oil Revenue Management College.

5. (SBU) The Ministry,s plan points to a serious deficiency
in professional training for government employees and the
lack of a viable information system. It particularly notes
the lack of a professional, well-trained technical staff in
the Office for the Management and Direction of Imports and
Tariffs within the MOF, which has created inefficiency and
corruption in the budgetary execution process. In order to
improve the technical capacity of the relevant government
agencies, the plan devotes significant resources to training
programs for the staff within the Ministries, and information
systems to accelerate communication between government
agencies.

ASSISTANCE FOR OIL REVENUE MANAGEMENT

16. (SBU) Without going into significant detail, the Ministry also notes the need to strengthen the capacity of existing mechanisms that govern the management of oil revenues, which includes the Fund for Future Generations and the revenues for the oil producing regions. The proposal also calls for the reinforcement of the capacity of the Revenue Management College by offering assistance to improve its communications network and improve its technical expertise. In addition, the MOF accords resources to educate other ministries on the role and importance of the College.

INCLUDING ALL INSTITUTIONS

17. (SBU) Expressing the need to improve transparent behavior and remove malfeasance from the budgetary process, the plan lays out broad actions to provide assistance for training initiatives and modernized equipment to the National Courts that oversee the budgetary execution, the Finance Commission of the National Assembly responsible for overseeing the national budget, and the Ministry of Moralization and General Control of the State. The plan also proposes the creation of ethics committees⁸ within the Ministry of Moralization to monitor transparency of the budgetary process, and organization of a public hearing⁸ among GOC officials on

the vices of corruption.

WORLD BANK OFFERS THOUGHTS ON ACTION PLAN

18. (SBU) On July 27, Econ/Consular officer met with Gradimir Radisic, Senior Economist for the World Bank mission assisting the MOF with the Action Plan. Radisic also stated that the World Bank believes the Plan, which was officially approved by the GOC on July 26, provides the most comprehensive reform proposal to ensure the transparent management of the national budget, which will also result in the proper administration of the oil revenues. He noted that the World Bank feels that in order for the Revenue Management Process to be successful, reform must be focused on all entities dealing with the management of the oil revenues. Radisic pointed out that in addition to the Bank's approval of the action plan in May, the IMF technical team that visited N'Djamena in July reacted positively toward the plan and its possible implementation. He noted that the Bank is also in the process of developing performance indicators that will allow them to periodically evaluate the GOC's progress in the implementation of the Action Plan.

19. (SBU) To fund the Action Plan, Radisic said that the Bank would press the GOC to use its oil revenues as part of its support for infrastructure development, one of five designated priority sectors. At the same time, the Bank will seek financial assistance from international donors. Radisic said his team was willing to meet with relevant USG officials to discuss the Action Plan in detail and possibility of USG assistance toward the project. He also noted that the GOC would convene a meeting of Chiefs of Missions of donor countries in November to formally unveil the plan, and solicit contributions for the funding of the Plan.

COLLEGE WELCOMES REFORM, BUT EXPRESSES DOUBTS

10. (SBU) Economic/Consular Officer also met with General Secretary for the College, Michel Barka, on July 27 to

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discuss the implications of the action plan to the College. Barka said that the College welcomes any plan to reform the Ministry of Finance, and believes that any support afforded to the Budgetary Process will complement the activities of a Resident Treasury Advisor to the College.

11. (SBU) He did express some reservations about the role of the World Bank in this project, noting that previous World Bank initiatives to reform the budgetary process have either been implemented at a very slow pace or have eventually been discarded. Barka also argued that while the GOC has officially recognized the need to support transparency of the budgetary process and management of the oil revenues, specific ministries are not extremely supportive of budgetary reform, and may resist the action plan. He stated that if the plan were implemented, the international community would have to closely monitor GOC activities.

COMMENT

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12. (SBU) COMMENT: The MOF,s bold proposal presents all the right messages, and highlights the need for significant reform of the national budgetary process. The World Bank argues correctly that the reform of the overall budgetary system will be necessary for the success of the Revenue Management Process. Nevertheless, we still need to consider whether this Action Plan is technically sound and can be justified as part of the Revenue Management Plan,s priority sectors. After all, it is not completely clear how funding the MOF,s plan falls under the priority sector of infrastructure. The World Bank,s suggestion of using oil revenues for this endeavor may be an attempt to garner resources for its own initiative due to the lack of other means of assistance. Additionally, while the Ministry,s support for the Revenue Management College is laudable, it raises the concern that the Ministry may try to exert influence over the independent body through the disbursement of resources. A meeting between members of the World Bank team and USG officials with the technical expertise on

budgetary formulation would be an excellent opportunity to determine whether the Action Plan merits USG support.

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